

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

June 30, 2002

Exhibit B-3

(Dollars in Thousands)

Dollars in thousands)

	Business-type Activities —			Governmental
	Enterprise Funds			Activities —
	Unemployment	Other	Total	Internal
	Compensation	Enterprise	Enterprise	Service
	Fund	Funds	Funds	Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents (Note 3).....	\$ 670,073	\$ 32,069	\$ 702,142	\$ 63,372
Restricted cash and cash equivalents (Note 3).....	—	724	724	—
Investments (Note 3).....	—	27,700	27,700	21,033
Restricted investments (Note 3).....	—	25	25	—
Securities lending collateral (Note 3).....	173,899	26,110	200,009	20,820
Receivables:				
Accounts receivable, net.....	19,232	918	20,150	24,126
Intergovernmental receivables.....	1,616	—	1,616	—
Interest receivable.....	855	73	928	59
Premiums receivable.....	—	1,016	1,016	21
Contributions receivable, net.....	173,724	113	173,837	—
Due from fiduciary funds (Note 7).....	—	—	—	8
Due from other funds (Note 7).....	9	—	9	17,028
Due from component units (Note 7).....	—	—	—	1,631
Inventories.....	—	416	416	278
Prepaid items.....	—	2,519	2,519	6,908
Total current assets.....	1,039,408	91,683	1,131,091	155,284
<b>Noncurrent Assets:</b>				
Restricted/designated cash and				
cash equivalents (Note 3).....	—	2,297	2,297	—
Investments (Note 3).....	—	52	52	—
Restricted investments (Note 3).....	—	8,111	8,111	—
Receivables:				
Accounts receivable, net.....	—	—	—	1
Contributions receivable, net.....	—	74	74	—
Deferred charges.....	—	129	129	—
Capital assets, net (Note 4).....	—	42,358	42,358	87,312
Total noncurrent assets.....	—	53,021	53,021	87,313
Total Assets.....	1,039,408	144,704	1,184,112	242,597
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities:				
Accounts payable.....	4,694	357	5,051	2,806
Accrued payroll.....	—	64	64	469
Intergovernmental payable.....	548	—	548	—
Claims payable.....	2,680	9,992	12,672	232
Unemployment benefits payable.....	53,966	—	53,966	—
Obligations under securities lending.....	173,899	26,110	200,009	20,820
Interest payable.....	—	25	25	—
Due to other funds (Note 7).....	393	6	399	4,709
Due to component units (Note 7).....	—	—	—	601
Deferred revenue.....	10,110	4,772	14,882	2,540
Deposits payable.....	—	141	141	—
Bonds payable - current.....	—	235	235	—
Accrued vacation leave - current.....	—	33	33	201
Total current liabilities.....	246,290	41,735	288,025	32,378
<b>Noncurrent Liabilities:</b>				
Bonds payable, net.....	—	9,570	9,570	—
Accrued vacation leave.....	—	334	334	1,703
Total noncurrent liabilities.....	—	9,904	9,904	1,703
Total Liabilities.....	246,290	51,639	297,929	34,081
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	—	38,267	38,267	87,312
Restricted for:				
Unemployment compensation.....	793,118	—	793,118	—
Other purposes.....	—	4,319	4,319	—
Unrestricted.....	—	50,479	50,479	121,204
Total Net Assets.....	\$ 793,118	\$ 93,065	\$ 886,183	\$ 208,516

The accompanying Notes to the Financial Statements are an integral part of this statement.

# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2002

Exhibit B-4

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds			Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues:</b>				
Employer unemployment contributions.....	\$ 433,364	\$ —	\$ 433,364	\$ —
Federal funds.....	375,908	—	375,908	—
Sales and services.....	—	1,221	1,221	215,043
Sales and services used as security for bonds.....	—	3,582	3,582	—
Rental and lease earnings.....	—	5,220	5,220	1,245
Fees, licenses and fines.....	—	7,564	7,564	—
Insurance premiums.....	—	9,846	9,846	15,189
Miscellaneous.....	—	44	44	290
Total operating revenues.....	809,272	27,477	836,749	231,767
<b>Operating Expenses:</b>				
Personal services.....	—	7,333	7,333	39,247
Supplies and materials.....	—	855	855	8,060
Services.....	—	5,407	5,407	96,573
Cost of goods sold.....	—	488	488	1,428
Depreciation/amortization.....	—	1,739	1,739	27,996
Claims.....	—	4,030	4,030	1,032
Unemployment benefits.....	1,333,075	—	1,333,075	—
Insurance and bonding.....	—	3,518	3,518	14,467
Other.....	—	1,188	1,188	31,517
Total operating expenses.....	1,333,075	24,558	1,357,633	220,320
Operating income (loss).....	(523,803)	2,919	(520,884)	11,447
<b>Nonoperating Revenues (Expenses):</b>				
Noncapital gifts, net.....	—	179	179	—
Investment earnings.....	58,531	4,129	62,660	3,273
Interest and fees on capital related debt.....	—	(240)	(240)	—
Insurance recoveries.....	—	—	—	365
Grants, aid and subsidies.....	—	(25)	(25)	—
Gain (loss) on sale of equipment.....	—	—	—	(88)
Miscellaneous.....	(3,643)	(595)	(4,238)	(403)
Total nonoperating revenues (expenses)...	54,888	3,448	58,336	3,147
Income (loss) before contributions..... and transfers.....	(468,915)	6,367	(462,548)	14,594
Capital contributions, net.....	—	1,121	1,121	7
Transfers in.....	209	1,201	1,410	2,163
Transfers out.....	(46,490)	(2,877)	(49,367)	(18,096)
Change in net assets.....	(515,196)	5,812	(509,384)	(1,332)
Net assets — July 1, as restated (Note 19).....	1,308,314	87,253	1,395,567	209,848
Net assets — June 30.....	\$ 793,118	\$ 93,065	\$ 886,183	\$ 208,516

The accompanying Notes to the Financial Statements are an integral part of this statement.

# STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2002

*(Dollars in Thousands)*

	Business-type Activities — Enterprise Funds			Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	Other Enterprise Funds	Total Enterprise Funds	
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers.....	\$ 391,147	\$ 27,474	\$ 418,621	\$ 39,649
Receipts from federal agencies.....	375,486	—	375,486	—
Receipts from other funds.....	—	469	469	187,786
Payments to suppliers.....	—	(10,298)	(10,298)	(135,461)
Payments to employees.....	—	(7,288)	(7,288)	(39,672)
Payments for benefits and claims.....	(1,301,310)	(8,531)	(1,309,841)	(598)
Payments to other funds.....	—	(210)	(210)	(15,585)
Other receipts (payments).....	—	(181)	(181)	(111)
Net Cash Flows Provided (Used) by Operating Activities.....	(534,677)	1,435	(533,242)	36,008
<b>Cash Provided From (Used For)</b>				
<b>Noncapital Financing Activities:</b>				
Grants.....	—	(25)	(25)	—
Transfers from other funds.....	200	1,201	1,401	2,083
Transfers to other funds.....	(46,128)	(3,002)	(49,130)	(18,016)
Gifts.....	—	179	179	—
Total cash provided from (used for) noncapital financing activities.....	(45,928)	(1,647)	(47,575)	(15,933)
<b>Cash Provided From (Used For)</b>				
<b>Capital Financing Activities:</b>				
Acquisition and construction of capital assets.....	—	(5,665)	(5,665)	(17,960)
Proceeds from the sale of capital assets.....	—	—	—	837
Capital contributions.....	—	1,121	1,121	—
Principal paid on capital debt.....	—	(100)	(100)	—
Interest paid on capital debt.....	—	(420)	(420)	—
Payment to bond escrow agent.....	—	(42)	(42)	—
Insurance recoveries.....	—	—	—	365
Total cash provided from (used for) capital financing activities.....	—	(5,106)	(5,106)	(16,758)
<b>Cash Provided From (Used For)</b>				
<b>Investment Activities:</b>				
Proceeds from the sale/maturities of non-State Treasurer investments.....	—	10,414	10,414	—
Purchase of non-State Treasurer investments.....	—	(4,746)	(4,746)	—
Redemptions from State Treasurer investment pool.....	—	—	—	3,000
Investment earnings.....	54,926	1,089	56,015	760
Total cash provided from (used for) investment activities.....	54,926	6,757	61,683	3,760
Net increase (decrease) in cash and cash equivalents.....	(525,679)	1,439	(524,240)	7,077
Cash and cash equivalents at July 1.....	1,195,752	33,651	1,229,403	56,295
Cash and cash equivalents at June 30.....	\$ 670,073	\$ 35,090	\$ 705,163	\$ 63,372

The accompanying Notes to the Financial Statements are an integral part of this statement.

# STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2002

Exhibit B-5

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds			Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	Other Enterprise Funds	Total Enterprise Funds	
<b>Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:</b>				
Operating income (loss).....	\$ (523,803)	\$ 2,919	\$ (520,884)	\$ 11,447
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation/amortization.....	—	1,739	1,739	27,996
Restatements and adjustments to cash.....	(994)	—	(994)	1,409
Nonoperating miscellaneous income/expense.....	—	13	13	17
(Increases) decreases in assets:				
Receivables.....	(46,909)	405	(46,504)	(3,072)
Due from other funds.....	—	—	—	(1,441)
Due from fiduciary funds.....	—	—	—	(8)
Due from component units.....	—	—	—	(683)
Inventories.....	—	110	110	5
Prepaid items.....	—	531	531	3,940
Increases (decreases) in liabilities:				
Accounts payable and accrued liabilities.....	1,967	(4,400)	(2,433)	(1,263)
Due to other funds.....	—	(2)	(2)	(3,137)
Due to component units.....	—	—	—	(302)
Unemployment benefits payable.....	33,191	—	33,191	—
Accrued vacation leave.....	—	(3)	(3)	(65)
Deferred revenue.....	1,871	60	1,931	1,165
Deposits payable.....	—	63	63	—
Total cash provided from (used for) operations.....	<u>\$ (534,677)</u>	<u>\$ 1,435</u>	<u>\$ (533,242)</u>	<u>\$ 36,008</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Noncash distributions from the State Treasurer				
Long-Term Investment Portfolio.....	\$ —	\$ 1,953	\$ 1,953	\$ 1,517
Assets acquired through the assumption of a liability.....	173,899	26,110	200,009	20,820
Change in fair value of investments.....	—	1,027	1,027	418